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Role Of Corporate Social Responsibility (CSR) And Education Tax In Nigeria's Human Capital Development

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ABSTRACT
This paper examined how corporate social responsibility (CSR) and education tax can be used to facilitate human capital in Nigeria. The study sought to establish the role of government-initiative education tax programs and corporate social responsibility practices in enhancing the quality of education, acquisition of skills as well as productivity of the workforce. A sample of 300 respondents was adopted as it included the staff of tertiary institutions receiving the benefit of Tertiary Education Trust Fund (TETFund) and employees of selected corporate organisations actively involved in CSR programmes, making up a sample of 300 respondents. The structured questionnaires and other pertinent secondary sources were used to obtain data, which were analysed using descriptive statistics, correlation, and regression analysis. The results indicated that CSR and education tax have a outstanding effect on human capital development where education tax has a greater influence as it is implemented in a systematic manner and is more inclusive in tertiary institutions. The success of both mechanisms, however, is curtailed by administrative inefficiency, poor monitoring, and short term project orientation. This paper ends with the conclusion that Nigeria needs better synergy between government funding of education and the social investments made by corporations to develop sustainable human capital. It suggests transparency in managing funds in TETFund, long-term strategic alignment of CSR programmes to the national education goals, and introducing partnership systems between government and industry to improve educational performance and labor preparedness.
Keywords: Corporate Social Responsibility, Education Tax, TETFund, Human Capital Development.

1. INTRODUCTION

Nigeria over the years has been struggling to come up with a sound human capital base that can help it achieve sustainable economic growth. The development of human capital, which includes education, training of skills and acquiring knowledge, is what is broadly recognised as the key element in the development strategies of nations (Akande, 2010). Nonetheless, this is still curtailed by lack of investment in infrastructure on education, absence of involvement in the education sector by the private sector, and lack of cohesion between the results of education and the labour market (Akande, 2010). The imposition of statutory processes by the government like the Education Tax Act (1993) through a 2% tax on companies profits to finance the Education Fund is an intentional move towards marshalling corporate funds towards educational growth in Nigeria (Education Tax Act, 1993/1998).

Meanwhile, corporate social responsibility (CSR) and its contribution to the development of human capital is a role that has gained a lot of importance in the developing economy of Nigeria. CSR -company activities that extend beyond financial responsibility to include social, environmental and stakeholder aspects - provide an additional channel through which companies can finance education, skill acquisition and community empowerment (Hassan, Abdullah and Mansor, 2024). As an example, a case study of the Guaranty Trust Bank in Gombe State established that the human capital development activities of the bank (skills-acquisition programmes, classroom provision) sponsored by CSR were overwhelmingly approved by the host community and were linked to the perceived change in the local capacities (Bello, Aliyu, & Osungboye, 2024). These initiatives indicate a dynamic realization that corporate entities are able to positively contribute in solving the education-skills divide and improving the workforce preparedness of the emerging economies such as Nigeria.

Although these mechanisms are present, i.e. statutory education tax funding and voluntary CSR interventions, it has been found that, empirically, translating the funding into quantifiable human capital outcomes is uneven. An example is a study that examined the impact of Tertiary Education Trust Fund (TETFund) and concluded that despite the fact that the tax revenue has a significant positive impact on the government spending on education, it did not translate into a marked difference in the Education Index or the Human Development Index throughout the period of the study (Okoro, Ajaero & Okoroafor, 2025). This discontinuity highlights the necessity to focus not only on the existence of funding and CSR programmes, but also on their performance effectiveness, correspondence with the goals of human capital development, and integrations between the policy of education taxation and CSR strategies. This study aims to address a very vital research gap and provide policy informed by the exploration of the role of both CSR and education tax in development of human capital in Nigeria with intent and outcome being a bridge.

Statement of the Problem

Although there has been initiation of statutory initiatives like the Tertiary Education Trust Fund (TETFund) (that utilizes the education tax) and an emerging focus on corporate social responsibility (CSR) in Nigeria, human capital development is still dismal in most institutions of learning. In other words, the example of the intervention of TETFund in academic staff capacity building in Lagos State University demonstrated that the provision of infrastructure was fixed as the primary priority, but the challenges in accessing the funds complicated the implementation of qualitative transformation in academic staffs (Isiaka, Nasiru & Iyekolo, 2020). Additionally, overall discussions of TETFund functions reveal that the organization continues to face some difficulties, including lack of funding, human resources, insufficient transport, and lack of security, which consequently affect its performance (Niyi, Adaka & Abdulkadir, 2024). These loopholes ensure that students will still be under-served, educational performance will not be at an optimum and because of this developmental loop-hole human capital potential will not be fully utilized in the development pathway in Nigeria.

In the meantime, the CSR activities, albeit becoming more popular among the firms in Nigeria, do not always seem to be systematically transformed into the sustainable growth of human capital. Studies of CSR in Nigeria indicate that there is a gap between corporate purpose and its social performance, and most programmes do not reflect the needs of the local community or long-term capacity building ambitions (Hassan, et al., 2024). An example is a case study conducted on the Guaranty Trust Bank in Gombe State, which observed that even though the skills-acquisition programmes were being conducted, the sustainability and the strategic partnering of the programmes was not as large (Bello, et al., 2024). The implication is that CSR can continue to be more of a philanthropic appendix and not a strategic source of human capital development.

Therefore, the main issue is two-fold one, the statutory education tax channelled via TETFund and other such mechanisms is not as effective as it could be in terms of increasing human capital in Nigeria, and two, the CSR activity of corporate bodies is not well-integrated and sustained to yield any tangible human capital development results. Such a gap between funding processes, corporate projects and real human capital development requires further research on the ways in which education tax and CSR are more likely to be coordinated, aligned to institutional demands and managed in a way that will help to get the best out of human capital in the context of Nigeria.

Objectives of the Study

The ultimate purpose of the study is to evaluate how education tax and corporate social responsibility (CSR) can contribute towards development of the human capital in Nigeria. In particular, the goals include:

1. Determine the effects of education tax- especially the Tertiary Education Trust Fund (TETFund) on educational infrastructure, access and capacity building in Nigeria.
2. Assess the role of corporate social responsibility (CSR) projects on the development of human capital by investing in education, training, and youth empowerment.

2. LITERATURE REVIEW

Corporate Social Responsibility (CSR) also means that a company has the duty of operating in a way that is economically, socially, and environmentally sustainable and this helps the company and the society in which the organization is based in. It entails incorporating ethical conducts, environmental care and community growth in corporate activities and decision-making. Aguinis and Glavas (2021) defined CSR as policies and actions of the firms which are aimed at producing positive social impact not focused on profit-related activities. On the same note, Hassan, et al., (2024) states that in the emerging economy such as that in Nigeria, CSR is not limited to philanthropy to also encompass investment in education, employee welfare, and sustainable development of the communities. Similarly, Ojo and Akinlabi (2023) indicated that corporate strategy must be aligned to CSR initiatives because they must play a significant role in national development objectives and the welfare of the local communities. Thus, CSR is a long-term determination of a company to act ethically, develop economically, and promote social improvement, so that the achievement of business success will result in the development of society.

CSR in Nigeria has come to be more of a strategic social investment rather than a voluntary act of philanthropy donations, which is in line with corporate objectives and national developmental goals. Scholarly establishments like Dangote Group, MTN Nigeria and Shell Petroleum Development Company (SPDC) have introduced educational and youth empowerment programs in their CSR portfolio (Amao, 2013). These programs are meant to close gaps caused by killed government funding particularly in the sectors such as education, vocational training, and entrepreneurship. Empirical information indicates that CSR in education (via scholarship programs, classroom building, and online learning facilities) has improved access to education, as well as added to human capital creation in a number of Nigerian communalities (Hassan, et al., 2024).

Nevertheless, researchers explain that CSR in Nigeria is usually troubled with the issues of implementation that include insufficient transparency, insufficient monitoring, and deficiency in putting it into the framework of community demands (Eweje, 2006). Therefore, although CSR can also play a role in the development of human capital, its effectiveness is determined by the extent to which it is planned in line with the priorities of local development.

Education Tax Concept in Nigeria

The Education Tax Act of 1993 introduced the system of mandatory taxation where all registered businesses in Nigeria have to pay 2 percentage of their assessable profit to an Education fund aimed at funding education development in the country (Federal Republic of Nigeria, 1998). This project resulted in the establishment of the Tertiary Education Trust Fund (TETFund) that became the most important avenue through which education tax revenue was distributed to the tertiary institutions in the country. It was aimed at compensating the long-term underinvestment in the education sector and improving infrastructure, research, and training of personnel (Omodero, 2021).

In TETFund, education tax revenue has been utilized in constructing classrooms, libraries, and laboratories, training of academic staff development and institutional research and innovation (Ananyi & Onyekwere, 2024). As an illustration, during 2015-2022, TETFund has funded more than 2000 projects in capacity-building in Nigerian universities and polytechnics (TETFund Annual Report, 2023).

Nevertheless, issues like slow transfer of funds, bureaucracies, and misappropriation remain to be a limiting factor to the success of the taxation of education in its full realization (Isiaka, et al., 2020). Thus, although the education tax has been important in offering financial assistance to tertiary education, concerns have been raised on its effectiveness, accountability, and direct relationship to the quantifiable human capital growth outcomes including, employability, productivity, and innovation.

Human Capital Development: Theoretical Overview

The development of human capital can be defined as acquisition and increment of the number of people with the skills, education, and experience that can be applied in economic growth and social progress (Schultz, 1961). Becker (1993) defines human capital as the stock of knowledge, skills, and abilities that individuals have acquired through training and education and that can be applied to more productivity and income. Countries that emphasize on human capital investment are the ones that will develop economically and have high standards of living.

In Nigeria, the poor human capital development has been one of the dominating factors to sustainable development. According to the National Bureau of Statistics (2022), the percentage rates of unemployment and underemployment do not decrease despite the development of tertiary education; it indicates that the output of education is not aligned with the needs of the labor market. Education tax revenues and CSR interventions are, hence, important tools in closing this gap through investing in education infrastructure, skill acquisition programs, and research funding to increase employability and innovation (Omodero, 2021). However, sustainable human capital development needs a joint effort of the government, the private sector, and the educational institutions. CSR programs and policies on education taxes are twin towers, which can reinforce the human resource platform in Nigeria as long as they are done in a transparent manner and in conformity with the national priorities in enhancing human development.

Theoretical Framework

The paper is based on two theories, which are interdependent, namely, Human Capital Theory and Stakeholder Theory.

The Human Capital Theory was formulated by Schultz (1961) and furthered by Becker (1993) which is a theory that, investment in education, health, and skills results in growth in productivity and economics. Education is perceived as capital-like (physical or financial capital) which builds individual earning capacity and general welfare of society. Using this theory to the situation of Nigeria, education tax as well as education programs funded by the CSR is regarded as an investment in human capital bringing long-term returns in form of productivity, innovation, and competitiveness.

The Stakeholder Theory is a theory proposed by Freeman (1984), which states that corporations are obligated not only to shareholders, but to a wider group of stakeholders such as employees, customers, communities and governments. This principle is captured in CSR activities that meet the needs of the society in terms of education, health and environmental programs. In this context, the role of corporations in education via CSR supplements the state activity, which is financed by taxing education, which supports the notion that the development of human capital is a common social task.

However, these theories offer a powerful analytical approach to studying the combined impact of education tax and CSR in the development of human capital in Nigeria one, via state-compulsory funding, and the other, via voluntary participation of corporations.

Empirical Review

Okoro, et al., (2025) investigated the impact of Tertiary Education Tax (TEDT) on knowledge creation in Nigeria and the same between the years 2003 and 2022. The paper used Vector Error Correction Model (VECM) during the analysis. Findings showed that Tertiary Education Tax causes a lot of impact on the government expenditure on education but very minimal impact on Education Index and Human Development Index. E study concludes that TEDT has influenced on the amount of public funds allocated to education significantly but has failed to translate to significant knowledge development indices that have been proxyed by Education Index and Human Development Index within the period under consideration.

Oke, Adetola and Abdulah (2025) researched on the impact of corporate social responsibility on corporate tax payment of listed manufacturing companies in Nigeria. The secondary data used to carry out the simple linear regression analysis comprised secondary data based on financial statements of 5 deposit money banks in Nigeria. The outcome shows that there is a very weak relationship between the payment made by the company to the income tax and the corporate social responsibility practice among the deposit money banks in Nigeria. Company income tax payment does not show any substantial impact on the corporate social responsibility practice by deposit money banks in Nigeria.

Adeniyi, Regidor, Murtadho and Adedeji (2025) studied the problem of how the corporate social responsibility of Nigerian listed consumer goods businesses was influenced by the education tax. The study was based on the ex-post-facto research design. The data were given in secondary sources. The representative data of the independent variable (education tax) and the dependent variable (corporate social responsibility) were derived based on the audited financial reports of all the selected quoted consumer goods companies. The census sampling technique was employed in the study to estimate the size of the sample. The analysis of the data was performed by the OLS regression method and the estimation of the model was performed by the Pearson correlation method. Besides, the research conducted several robustness tests of the results including unit root, data normality, and multicollinearity and heteroskedasticity tests. In the analysis, the authors revealed that the tertiary education tax has a huge influence on the cost of corporate social responsibility.

The authors of the study, Bello, et al., (2024) assessed the human capital development and corporate social responsibility (CSR) in Nigeria, where Guaranty Trust Bank Gombe was used as a case study, and the analysis was conducted between 2015 and 2020. The objective of the study is to find out the reasons behind low development of human capital in Nigeria and offer solutions to the long-term problem. This research is based on three hypotheses which are the effect of CSR, the development of human capital within the host population and a combination of the two. The methodology also involves both primary and secondary data, which has been analyzed with the help of tables, percentages, questionnaires, oral interviews, and simple statistics. The results suggest that the host community has been positive with the human capital development programs of the Guaranty Trust Bank with many of the respondents indicating that they are satisfied with their programs and that they have skills acquisition programs.

Niyi, Adaka and Abdulkadir (2024) were interested in the roles of tertiary education trust fund (TETFUND) in development of tertiary institutions in Nigeria and challenges that militated against the efficacy of the fund. The paper is a review study. In the paper, the author relies on secondary sources of data which were gathered using government publications, print sources and online publications. The literature was narrowed down to the theme of the study by content analysis. The paper has found that the key functions of the tertiary education trust fund (TETFUND) in the Nigerian tertiary institutions are; development of infrastructure facilities, research development and staff training programme. The research also found; poor financing, human resource, lack of transport facilities, insecurity, abscondment of sponsored scholastic employees, poor institutional and Naira devaluation among the challenges that work against the efficiency of the Fund.

Uduji, Okolo-Obasi and Asongu (2020) determined the effect of the corporate social responsibility (CSR) interventions of the multinational oil companies (MOCs) on the female education programmes in the Niger Delta region in Nigeria. The number of sampled rural women was 800 within the region. The logit model results indicated that rural women relied on CSR interventions of MOCs to overcome some of the logistical and cultural barriers that affected access of women to post-secondary education in the local communities. Nevertheless, even though there has been a considerable success in facilitating education programs in general, none of the scholarships are female-specific, and in comparison to men, the lack of human capital among rural women has remained low.

Empirical Gaps

Past research on education tax and corporate social responsibility (CSR) in Nigeria have yielded inconsistent and inconclusive findings on the factual effectiveness of these in the development of human capital. As an example, Okoro et al. (2025) determined that the Tertiary Education Tax (TEDT) positively impacted government funding of education but did not alter the Education Index and Human Development Index meaning that there was no relationship between the financial input and the outcome of development. Equally, Oke, et al., (2025) found that, CSR is not closely associated with corporate tax payment and hence the activities of CSR are not directly connected with the fiscal incentive or tax performance. Bello et al., (2024) and Niyi, et al., (2024) on the other hand highlighted that the CSR and TETFund initiatives have played a positive role in the development of education and infrastructure in particular situations. These conflicting results reveal an empirical breach-- there is funding by education tax and CSR, and however, there is not much empirical agreement as to how these processes interactively and effectively lead to empirical outcomes of human capital development across various sectors in Nigeria.

The available literature has majorly paid attention to the financial or institutional dimension of education tax and CSR, and little has been done to explore integrated impacts of both mechanisms on human capital development. The works like Adeniyi et al., (2025) examined the connection between education tax and CSR spending, but not in relation to their overall effect on human capital variables, including skill acquisition, employability, and knowledge creation. On the same note, Uduji, et al., (2020) investigated CSR as a factor in female education without relating such social interventions to the increased national human capital indicators. As a result, there is still a gap in knowledge concerning the interaction of education tax and CSR as complementary factors in human capital development in the context of the mixed system of education in Nigeria. The current research bridges this gap by conducting an analysis of both education tax (TETFund) and CSR programs to address the contribution of the two and each program to human capital development.

Even though the advantages of TETFund interventions and CSR programs were reported by multiple researches (e.g., Bello et al., 2024; Niyi et al., 2024), not many have offered practical information on how the initiatives may be strategically aligned to produce sustainable development results. The works reviewed usually analyze the outcomes in terms of institutional or organization level without taking into accounts the impacts at the community level and the workforce level. Indicatively, although Bello et al., (2024) showed that CSR by Guaranty Trust Bank promoted the acquisition of local skills, the study failed to provide insights on how the programs might add value to TETFund national education agenda. This poses an academic-policy gap in practical and knowledge. The research at hand aims at sealing this gap by offering both the empirical data and practical advice on how the policies of taxation of education and corporate CSR activity may be combined to improve the human capital pool in Nigeria by means of the mutual cooperation between the government and the industry players.

In terms of methodology, the majority of the existing studies have been based on secondary or ex-post facto data (e.g., Adeniyi et al., 2025; Okoro et al., 2025; Oke et al., 2025), that is, on financial statements and government reports, and little activity has involved the perceptions of stakeholders. Although these approaches can give us an overview of financial results on the macro level, it does not reveal the human aspect of the issue, the perceptions and experiences of beneficiaries in the educational institutions and corporations. In order to address this gap in the methodology, the present research is based on the descriptive survey research design that would permit the primary data to be gathered among the academic personnel, administrators, and corporate employees. This method can provide a more refined and human-centered view of the effect of the education tax and CSR programs on the skills development, educational performance, and professional readiness. This study builds the methodological variety with the help of structured questionnaires and statistical data and offers new empirical data based on personal stakeholder experiences.

3. METHODOLOGY

The research design was a descriptive survey research that fits well in investigating the association between education tax, corporate social responsibility (CSR) and human capital development in Nigeria. Descriptive design enables the collection in a systematic manner of large population of quantitative data in order to describe the current conditions, opinions, and relationships without modifying the variables (Creswell, 2014). The study sample included members of staff and management teams of chosen tertiary institutions that received the interventions of Tertiary Education Trust Fund (TETFund) and employees of corporate organizations that are the participants of CSR projects. The general sample size comprised 1200 respondents, including 800 academic and administrative employees of four federal universities and 400 corporate employees of five chosen firms (including Dangote Group, MTN Nigeria, Guaranty Trust Bank, Shell Petroleum and Access Bank). Out of this population, 300 respondents were selected based on the Yamane (1967) formula at a 95% confidence level, which would be sufficient in representing the two sectors.

The research applied a formula presented by Yamane (1967) to calculate a suitable sample of the entire population of 1,200 respondents. The formula is expressed as:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = total population

e = level of precision (sampling error), usually 0.05 for 95% confidence level

Substitute into the formula:

$$n = \frac{1,200}{1+1,200(0.05)^2}$$

$$n = \frac{1,200}{1+1,200(0.0025)}$$

$$n = \frac{1,200}{1+3.0}$$

$$n = \frac{1,200}{4.0}$$

$$n = 300$$

Primary and secondary sources were used to collect the data. Primary data was collected with the help of structured questionnaire that helps to estimate the perception of respondents regarding the role of CSR and education tax in the development of human capital. The study variables showed in the questionnaire were separated into sections according to the variables of the study, including education tax, CSR, and human capital indicators, including skill acquisition, employability, and quality of educational services. Secondary data collection was done through official reports by TETFund, annual reports by the chosen companies on CSR and other pertinent literature by journals and government publications. The main variables were operationalized as follows: Education Tax (ET) based on the institutional funding, the infrastructure support, and staff training; CSR based on the education related programmes, scholarship schemes, and competence in the workforce; and Human Capital Development (HCD) based on access to education, quality of instruction, and workforce competence (Omodero, 2021; Hassan, et al., 2024).

Statistical Package for Social Sciences (SPSS, Version 26) was employed to analyze quantitative data that was obtained using the questionnaires. The demographic information was summarized using descriptive statistics (mean, frequency, and percentage) and inferential statistics (Pearson correlation and multiple regression analysis), which are applied to verify the study hypotheses and answer the second question of whether the relationships between variables are strong and positive. Cronbachs Alpha was used to test the reliability of the instrument and the coefficient of 0.87 was calculated and this shows a high internal consistency (Nunnally & Bernstein, 1994). In order to have a valid questionnaire, three educational business management and economics scholars, and a pilot test of 20 respondents not part of the sample were also used to review the questionnaire and ensure that it was valid. The reliability testing, together with expert validation, improved the trustworthiness and accurateness of the results, which means that the conclusions drawn during the study concerning the effects of CSR and education tax on human capital development can be considered as solid and general.

4. RESULTS AND DISCUSSION

Descriptive Analysis of CSR and Education Tax Contributions

Of the 300 questionnaires mailed out, 276 were filled properly and analyzed to provide a response rate of 92% response. In Table 4.1, the respondent's views on the role of Education Tax (TETFund) and Corporate Social Responsibility (CSR) in developing the human capital are summarized.

Table 4.1 CSR and Education Tax Contributions Perception (n = 276)

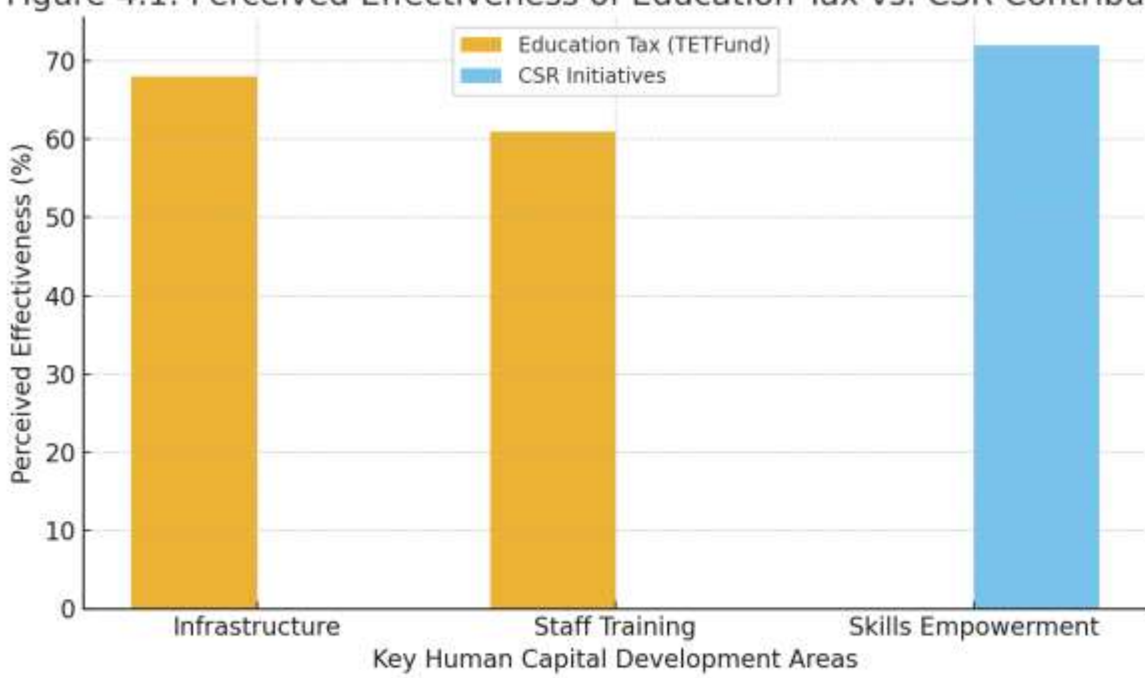
Variable	Indicator	Agree (%)	Neutral (%)	Disagree (%)	Mean	SD
Education Tax (TETFund)	Improved institutional infrastructure	68	10	22	3.89	0.74
	Enhanced research & staff training	61	17	22	3.77	0.81
	Timely disbursement of funds	42	21	37	3.21	0.93
Corporate Social Responsibility (CSR)	Scholarships & educational grants	74	13	13	3.96	0.67
	Skills-acquisition & empowerment projects	72	14	14	3.89	0.69
	Long-term sustainability of CSR projects	49	23	28	3.35	0.84

Source: Field Survey (2025)

The findings in Table 4.1 indicated the perception of respondents about the effectiveness of Education Tax (TETFund) and Corporate Social Responsibility (CSR) in the development of human capital within the Nigerian country. A big percentage of the respondents (68 percent) have concurred that education tax interventions have led to enhancement of institutional facilities, including, refurbishing of lecture rooms, laboratories, and libraries in state higher education institutions. The above discovery justifies the conclusion made by Omodero (2021), who identified that the regular payment of the TETFund has increased the physical capacity of the Nigerian universities and hence the learning environment. In the same way, 61% of the respondents confirmed that the provision of education taxes has eased the training and development of academic staff and research and is in line with Isiaka, et al., (2020), who reported that TETFund-sponsored training programmes enhanced research output and pedagogical competence. But only 42 percent of the respondents saw that funds are being disbursed in time, and 37 percent saw it otherwise; they felt that there are bureaucratic delays and inefficiencies involved, and this issue was common to Ananyi and Onyekwere (2024), who noted that the bureaucratic blocking on the way to optimal use of education tax funds is a common problem.

Conversely, the image of the contribution of CSR to the development of human capital was fairly positive. As Table 4.1 indicated, 74 percent of those surveyed agreed with the notion that scholarship and educational grant programmes run by corporate bodies have increased the learning opportunities and 72 percent had the view that CSR-based skills acquisition projects have enabled the youths and alleviated unemployment. Such results reflect what a study conducted by Hassan et al., (2024) stated that a corporate investment in the education sector, in terms of CSR initiatives has been on the rise in the efforts made by governments to develop a more competitive workforce. However, a respondent did not agree that CSR projects are long-term sustainable, only 49 per cent of the respondents indicated that interventions are project-based and non-sustainable. This issue is similar to that reported by Eweje (2006) and Amao (2013), both of them also concluded that the CSR activities in Nigeria were generally not long-term based, as they were not accompanied by developing effective collaboration with the stakeholders and strategic alignment with the national development frameworks. In general, Table 4.1 highlights that even though education tax and CSR have played significant roles in the Nigeria human capital formation, their potentials are still limited by inefficiencies in their administration systems and poor sustainability channels.

Figure 4.1: Perceived Effectiveness of Education Tax vs. CSR Contributions



Statistical Analysis

The study employed Pearson correlation and multiple regression to test hypotheses on the influence of Education Tax and CSR on human capital development.

Table 4.2: Correlation Matrix of Key Variables

Variables	Education Tax	CSR	Human Capital Development
Education Tax	1	0.62**	0.71**
CSR	0.62**	1	0.58*
Human Capital Development	0.71**	0.58*	1

*p < 0.05, **p < 0.01*

Source: SPSS Output (2025).

Correlation coefficients between the three significant variables, which are Education Tax, Corporate Social Responsibility (CSR), and Human Capital Development (HCD), were represented in Table 4.2. The findings indicated that there is a very strong and statistically significant positive correlation between Education Tax and the Human Capital Development ($r = 0.71$, $p < 0.01$). This observation implies that higher investment under Tertiary Education Trust Fund (TETFund) has a direct positive effect on improving human capital especially in educating the academic staff, providing infrastructure and improving institutional research capacity. The finding supports the research conducted by Omodero (2021) who concluded that the TETFund interventions had a significant positive effect on the educational standard and institutional productivity on Nigerian tertiary institutions. On the same note, Ananyi and Onyekwere (2024) found that education tax funds have served the purpose of filling gaps in infrastructural shortages and capacity-building shortfalls in universities as key pillars in human capital formation.

The positive relationship between CSR and Human Capital Development was also found to be statistically significant and positive ($r = 0.58$, $p < 0.05$), which means that the CSR activities do have a significant contribution to education, training, and empowerment of skills. This is consistent with Hassan, et al., (2024), who observed that Nigerian companies including the recently established CSR programs that provide funding to scholarships, vocational education, and youth entrepreneurship, as well as, supplementing those of the government in developing human capital. The medium intensity of the connection, however, indicates that although the interventions of CSR are still influential, they tend to be less organized and of smaller content than the allocations of the TETFund. According to Eweje (2006), CSR initiatives in Nigeria usually revolve around the short term community based intervention, as opposed to the long-term, systemic investment in education and skill building.

In addition, the positive relationship between Education Tax and CSR ($r = 0.62$, $p < 0.01$) also illustrates the possible synergy of the two funding sources, which are the government and the private sector, in enhancing the growth of human capital. It means that it is the organizations that pay taxes based on education that tend to be involved in CSR activities as well and are thus, committed to both corporate citizenship and national development. It is in line with the position of Amao (2013) and Ogundele et al. (2022) that aligning the policies of public education with corporate social investments can bring more developmental returns. Comprehensively, Table 4.2 shows that Education Tax and CSR are complementary factors in stimulating human capital growth in Nigeria, which supports the Human Capital Theory (Becker, 1993) that perpetual investment in education and training increase the productivity of the nation and its economic competitiveness in the long term.

Table 4.3 Multiple Regression Results

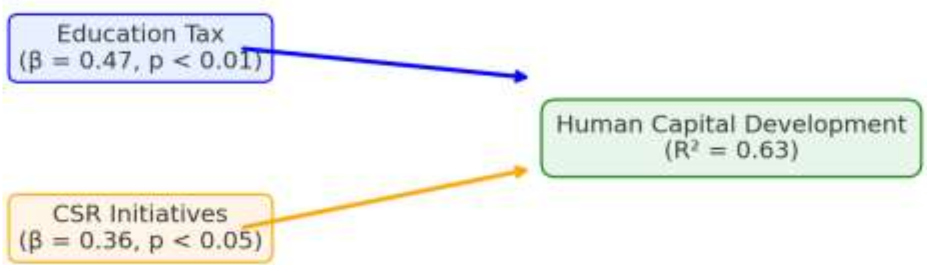
Predictor Variables	β	t-Value	Sig.	Decision
Constant	—	4.12	0.000	—
Education Tax	0.47	7.63	0.000	Significant
CSR	0.36	5.29	0.001	Significant
$R^2 = 0.63$	$F(2, 273) = 65.42$	$p < 0.001$		

Source: SPSS Output (2025)

Table 4.3 showed the regression analysis of the predictive effect of Education Tax and Corporate Social Responsibility (CSR) on Human Capital Development in Nigeria. This model shows an R 2 value of 0.63 which means that education tax and CSR initiatives together explain a 63 percent variation in the development of human capital. This evidence of high explanatory power indicates that the two factors are significant predictors of human capital performance in the form of quality of education, acquisition of skills, and employability. The F-statistic ($F(2,273) = 65.42$, $p < 0.001$) also supports overall significance of the model where the collective significance of the predictors is statistically significant with the dependent variable. In particular, the magnitude of the influence of Education Tax (= 0.47, $p < 0.01$) was higher than that of CSR (= 0.36, $p < 0.05$), suggesting that the government-driven finances in the form of

the Tertiary Education Trust Fund (TETFund) continues to be a more reliable and more decisive force of educational and labour development in Nigeria. This finding is consistent with that of Omodero (2021) and Ananyi and Onyekwere (2024) who realized that the intervention of TETFund in infrastructure and research increased the academic productivity and institutional performance of the universities in Nigeria.
The positive and high impact of CSR (0.36, 0.001) proved that the involvement of the private sector is also complementary in the improvement of the human capital base in Nigeria. This result is consistent with the studies conducted by Hassan, et al., (2024), who stated that the effect of CSR activities, such as scholarships, digital literacy programmes and vocational training, has a direct impact on the development of skills and social empowerment, particularly in underserved groups. Nevertheless, the somewhat low beta coefficient in comparison with Education Tax can indicate that the CSR activities, though effective enough, can be restricted by the issues of scale and sustainability. Such interpretation is consistent with the words of Ogundele, et al., (2022), who stated that in Nigeria, the CSR programmes are frequently not planned and do not have any measurable development outcomes. In general, the results of the regression analysis support the Human Capital Theory (Becker, 1993), which suggests that an investment in education with specific focus will generate strong economic returns, and the Stakeholder Theory (Freeman, 1984), according to which both the public and the private sector bear a collective responsibility to promote sustainable human development.

Figure 4.2: Regression Model Summary



Source: Researcher's model illustration (2025).

DISCUSSION OF FINDINGS

The research results of this paper showed that education tax and corporate social responsibility play a large and positive role in human capital formation in Nigeria. The findings indicated that education taxation interventions especially the Tertiary Education Trust Fund (TETFund) have led to infrastructure improvement initiatives, research funding and training academic personnel to work in tertiary institutions. This is consistent with previous empirical works like those by Okoro et al. (2025) and Niyi et al. (2024), which stated that education tax has had great impacts in increasing government investments in education, and the quality of institutional facilities in the Nigerian universities. Nevertheless, like Okoro et al. (2025), who determined that although the education tax has played a major role in supporting the funding of the education sector, its impacts on other human development indices are still minimal because of the administrative delays and absence of proper accountability systems.

The research also established that an activity done by the corporate social responsibility of Nigerian firms is significant in assisting education and skills development particularly in offering scholarships, training and empowerment programmes. This observation is in line with that of Bello et al. (2024), who affirmed that the CSR projects of Guaranty Trust Bank in Gombe State increased access of the host community to education and technical skills, which led to the increase of local human capital. On the same note, the paper corroborates the findings of Uduji, et al., (2020) and observed that the CSR intervention by multinational oil companies enhanced the access to education by females in the Niger Delta, yet the intervention was not gender specific. Consistent with these results, the present research has also noted that CSR interventions are effective and in most cases short-lived and not well integrated in the long term developmental solutions.

Under the combined effect of education tax and CSR, the results showed that both processes are associated with the formation of human capital, but education tax is a better predictor, as it is an institutionally-based mechanism and covers the whole country. This observation has been reflected by Adeniyi et al. (2025), who discovered that education tax is a key factor affecting the degree of CSR spending by Nigerian consumer goods firms indicating that the two processes are tied to each other. It is also a complement that is endorsed by Oke, et al., (2025) who noted that CSR might not be directly related to the performance of corporate tax, but its social value is that it improves the welfare of the community and the capacity of the workforce. The findings, consequently, cement the fact that the education tax together with CSR is a complementary paradigm of funding and supporting the human capital development in Nigeria.

The research also upholds the Theory of Human Capital, which insists on the investment in training and education, as one of the bases of national development. The findings by demonstrating that the public-sector investment in human capital, i.e. education tax and the private-sector investment in the human capital, i.e. CSR, have a significant positive effect on human capital outcomes, the findings support the major argument of the theory that education is an effective investment, which produces long-term social and economic benefits. Further the results are consistent with the Stakeholder Theory, which emphasizes on the collective role of corporates and the government in the growth of society. This synergy indicates that CSR projects in accordance with education taxation policy establish a better infrastructure of human capital building.

CONCLUSION

This research paper aimed at investigating the role of education tax and corporate social responsibility in development of human capital in Nigeria. The results indicated that both processes play an important role in enhancing the quality of the education system, advancing skill levels, and developing productive workforce. Education tax especially with the Tertiary Education Trust Fund has assisted in updating institutional infrastructure, in enhancing research, and staff development in the tertiary institutions. The corporate social responsibility activities have also been significant as they have empowered the communities in terms of scholarships, acquisition of skills and capacity building programmes.

Nevertheless, it was noted that the research study also found that the potential of the education tax and the corporate social responsibility is not fully exploited. The effectiveness of education tax projects on the one hand has been compromised by inefficiencies in fund disbursement, reduced levels of transparency and poor monitoring systems. On the same note, most corporate social responsibility programmes are temporary, philanthropic and not linked to the national development priorities. The research finds that the process of sustainable development of human capital in Nigeria needs a coordinated strategy where education taxation policies and corporate social investments collide in the achievement of the same objective of educational development and skill development. Enhancing partnership of both the government and the non-government is hence crucial in the attainment of sustainable progress in human capital development.

RECOMMENDATIONS

Education tax, specifically by the Tertiary Education Trust Fund (TETFund) has greatly enhanced infrastructure and training of academic staff in the tertiary institutions but has been limited with administrative procrastination and lack of accountability procedures. To improve the management and accountability system of TETFund, the Federal Government must be able to institute a transparent monitoring and evaluation system. This may involve digital fund-tracking device, regular audits, and performance-based payment to make sure that education tax revenues are properly and timely utilized. Reducing the administrative processes will assist the institutions to get funds quicker and make more impact through teaching, research and capacity building.

CSR activities by companies in Nigeria play a positive role in education and development of skills but are usually short term and not oriented towards the development of the country. Long-term, strategic CSR programmes used by corporate organizations must be in line with national priorities of education and human capital development. This can be done by collaborating with universities, vocational centres and government agencies to carry out sustainable initiatives like innovation hubs, scholarships and digital training programmes. The inclusion of CSR in business strategy will promote its survival and growth in an aspect other than philanthropy.

The synergies between education tax and CSR prove that both processes contribute equally to human capital improvement yet there is not much interaction between the state and the non-state in terms of coordinating their efforts. An effective policy framework that balances the interventions of taxation on education with those that are CSR-led should be developed by the government and the private sector. Joint groups or advisory boards may be established with the objective of finding shared objectives, sharing resources and designing programmes with the aim of enhancing the quality of education, research capacity and employability. The model of partnering will ensure maximum effect of development and the development of a sustainable human capital growth model in Nigeria.

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